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MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Inspector General's Report of Survey of the
Office of LogisticsREFERENCE : Memo dated 5 December 1969 to Executive Director-
Comptroller from Deputy Director for Support,
Subject as above (DD/S 69-5484)

1. Your response to the Inspector General's survey of the Office of Logistics is in the main quite acceptable. There are, however, several matters which will require further consideration. The most important are those having to do with the issue of centralization versus decentralization in the field of procurement.

2. The Inspector General assures me that he does not have in mind turning the clock back and reinstituting the old centralized procurement system. He supports the concept of procurement teams operating in support of several directorates. He is, however, concerned that the Director of Logistics not relinquish or appear to avoid his assigned responsibility as Agency contracting officer. I believe that there is sound reason for this concern and that action on some of the recommendations made in this general area may be desirable.

3. In practical terms it will obviously not be possible to realize to the full extent the advantages of decentralization on the one hand and the exercise of the procurement and contracting responsibility by the Director of Logistics on the other. Both concepts will need to be compromised in some degree, and this is what the Inspector General is getting at in the recommendations referred to in your paragraph four. In the discussion that follows you will note that I have taken your reservations to these recommendations into account, while at the same time maintaining the position that we not compromise central responsibility too deeply in the interests of flexibility.

/s/ L. K. White

L. K. White
Executive Director-ComptrollerAttachment
Discussion of certain
recommendations

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downgrading and
declassification

DISCUSSION OF CERTAIN RECOMMENDATIONS

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Recommendation No. 1.c.

All that is needed is that these circumstances be recognized and that procedures acceptable both to the individuals and to the Office of Logistics be introduced.

Recommendation No. 8

This called for a study by the Director of Logistics and Finance to further simplify financial property accounting procedures and to liberalize accounting requirements in the Type II and Type III accounts. While agreeing in principle, you have expressed a preference for maintaining the present system in view of the anticipated implementation of SIPS in 1972.

Comment: Since it is agreed that the present system of financial property accounting presents a burden on certain overseas stations and

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in view of the need to cut back these stations in size while preserving their operational efficiency, I ask that the Director of Logistics and Finance study this matter and take such action as may be indicated in the interests of simplicity.

Recommendation No. 11

This recommendation was designed to assure that the delegation of contracting authority in this Agency is compatible with the existing regulation, [] Your response states that the recommended actions would result in the Director of Logistics assuming responsibility for NRP contracting and would risk Agency-NRO relationships.

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Comment: While I agree that it would probably be undesirable to involve the Director of Logistics in any of the responsibilities having to do with contracting for the NRP, the fact remains that there is not an orderly delegation of contracting authority under that program, and the existing situation constitutes an exception to a regulation that makes no provision for exceptions.

There is an alternative to the course of action recommended by the Inspector General which would formalize the existing separation of NRP-funded contracting and non-NRP-funded contracting by creating two senior contracting officers, each with delegable authorities for their respective programs. I ask, therefore, that you arrange with DDS&T to revise [] to provide that:

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- a. The Director of Logistics exercise delegable authority for those procurement actions funded by CIA and other government appropriations, excluding, however, NRO or other special programs assigned to the Director of Reconnaissance by the DCI.
- b. The Director of Reconnaissance exercise delegable authority for those procurement actions funded by NRO and other special programs assigned to him by the DCI.
- c. Both the Directors of Logistics and Reconnaissance are authorized to make such further delegations of their authorities as deemed appropriate.

SECRET

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Recommendation No. 12

This was a two-part recommendation which sought the separation of the Chairman, Contract Review Board, from line responsibilities as Special Assistant to the Director of Logistics and which sought the creation of an Assistant Deputy Director of Logistics for Contracting to manage the decentralized contracting program. It was rejected because of a lack of perceivable "conflict of interest" in the Chairman's dual role and a possibility that the Assistant Deputy Directorship would contribute to a return to a centralized procurement program.

Comment:

a. It is my view that the Agency can very well afford to assign one officer to serve exclusively as Chairman for a Contract Review Board. The review and preparation of materials for consideration by the Board, the arrangement of agendas, the chairing of meetings, the supervision of follow up actions, if undertaken with vigor and independence of spirit will contribute significantly to our work in this field. I believe that they also constitute a full time job. Asking that an officer so assigned also serve as Special Assistant to the Director of Logistics clearly diminishes his credibility as chairman of an independent board.

b. As I understand it, the responsibilities listed on page 83 and 84 of the Inspector General's report are shouldered by the Deputy Director of Logistics at the present time. I have no objection to this arrangement assuming that he can continue to handle this workload effectively. I, therefore, accept your nonconcurrency in the Inspector General's recommendation concerning the creation of an Assistant Deputy Director of Logistics for Contracting.

Recommendation No. 16

This recommendation suggested that arrangements be made to have fitness reports of contracting team heads prepared in the Office of Logistics and, in the case of other Logistics careerists on the teams, reviewed in that Office. It was rejected as being inconsistent with Agency policy and Support precedent.

SECRET

Comment: You base your response to this recommendation on the assumption that contract officers assigned to other directorates are in a service capacity, similar to that of the normal Support careerist. This is not the case. The contracting officer, wherever assigned, is in the first instance responsible for seeing that the interests of the Agency are protected in the accomplishment of his work. Whenever a difference arises between the interests of the Agency as perceived by a contract officer, and as they may be perceived by the official to whom he is rendering support, the contract officer must feel free to maintain his position. To emphasize this freedom I feel that the basic command relationship linking the contract officer to the Director of Logistics should be maintained.

TOP SECRET

- 4 -

SECRET